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A Study About Marketing Communications Effectiveness In The Business-To-Business Markets

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Abstract- Much of the research into marketing communications has focused on the consumer market with little regard to date for the business-to-business market. This paper focuses on a development and testing of a model of marketing communication effectiveness in the business-to-business market. Building on past research from the marketing communications and business-to-business marketing literature, the model which incorporates facets of the marketing communication objectives, bidirectional communications, and communications channels are tested to examine the impact economic Research of these antecedent variables on marketing communications effectiveness and organizational performance. The concept of marketing communication effectiveness assumes that there are variables that can have a positive influence on the effectiveness of marketing communications, and the central concept of marketing communication effectiveness as having a positive impact on organizational performance. Managerial implications are discussed along with suggestions for further research.

Keywords: Marketing communication effectiveness, business-to-business markets, marketing communication objectives, organizational performance, structural equation modeling.

I INTRODUCTION

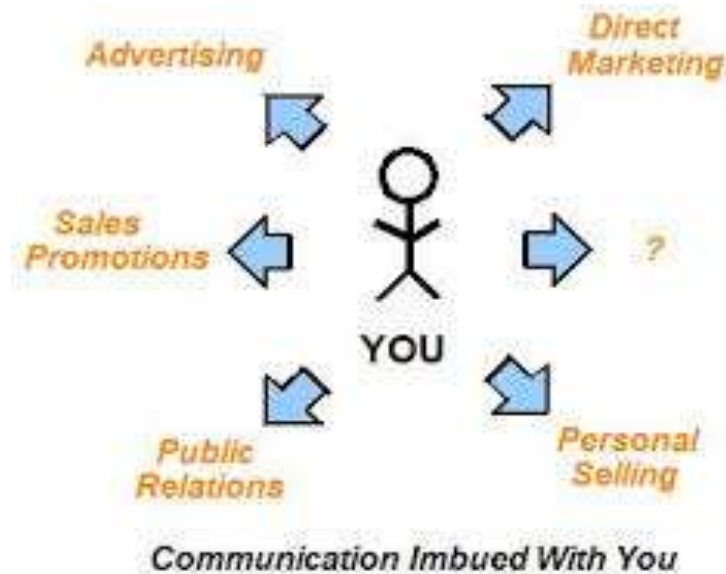
This paper focuses on a new model for marketing communication effectiveness in the business-to-business context. Any company can develop a marketing communication program, regardless of budget. The key to implementing a successful program, however, is to incorporate measurement and analysis right from the beginning of marketing communication programmer. In recent years, the business-to-business marketing has experienced significant progress due to a number of theoretical and empirical findings published in the journals that examined the business-to-business market. A number of authors have written about the role and importance of marketing communications in the industrial markets. However, marketing communication in the business-to-business markets over's further potentially valuable opportunities of research, especially empirical research. With the increasing call for accountability of significant marketing communication spending, measuring the contribution of marketing communication effectiveness to performance is inevitable and valued. However, measuring marketing communication impact on organizational performance has historically proven to be difficult, if not impossible, argues that integrated marketing communications still has no standard form for testing its effectiveness.

Marketing communications are messages and related media used to communicate with a market. Marketing communications is the "promotion" part of the "marketing mix" or the "four Ps": price, place, promotion, and product. It can also refer to the strategy used by a company or individual to reach their target market through various types of communication.

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The problem associated with such performance measure for marketing is the conceptualization of marketing inputs. Marketing communications results have historically been measured on a medium-by-medium basis: One measure for advertising, another for publicity, stills another for sales promotion, and so on. These issues regarding the measurability of marketing communication programmers have also been a focus of discussion among academics and practitioners since the early stages of the development of the integrated marketing communications concept. In recognizing this complexity, this paper attempts to explain the effect of different factors on marketing communication effectiveness and subsequently on organizational performance. We hypothesize that a company's marketing communications effectiveness generates favorable organizational performance in Slovenian companies. In this context, we explore marketing communications effectiveness and how this effectiveness can influence organizational performance of selected firms.

A firm should have a business model that tracks how marketing communications effectiveness incenses what its customers know, believe, and feel, and ultimately of course how they behave. Another contribution of this paper is that it tests the model of marketing communications effectiveness within a homological net of antecedents and consequences. A unique contribution is an examination of the effect of marketing communication effectiveness on performance measure; we include such outcomes as market performance when assessing the effect of marketing communication effectiveness. In terms of contributions, this model provides managers a priori basis for focusing their efforts on the antecedents of whole marketing communications effectiveness which produces a much higher effect on organizational performance. First, we present a review of the literature, drawing on marketing communications effectiveness theory and business-to-business market theory, and past research to develop our model. Second, our hypotheses are developed.

CONCEPTUALISATION OF MARKETING COMMUNICATION EFFECTIVENESS AND ITS RELATED CONSTRUCTS

Interactions that occur among marketing communications variables form an important aspect of our understanding of marketing communication effectiveness overall. The effectiveness of marketing communications has been examined by innumerable authors (Schultz, Patti, 2009, 81; Evans, Fill, 2000, 391; Rust et al., 2004, 77; Smith, Gopalakrishna, Chatterjee, 2006, 564; Zabkar, 2007, 83). In order to develop further investigation in this research area, it is necessary to adopt first a perspective for defining actual marketing communication effectiveness and its associated concepts. Next, it is necessary to identify or, alternatively, develop a valid, reliable measurement scale to use to evaluate these proposed concepts. In justifying and presenting our proposed model, the following concepts were conceptualized for the purpose of Structural Equation Modeling (SEM) application in the context of marketing communications effectiveness in a business- to-business context: Marketing communication objectives, bidirectional communication, communication channels, marketing communications effectiveness, and organizational performance. We also highlighted the various approaches to conceptualizing these concepts and identified the linkages between them.

MARKETING COMMUNICATION OBJECTIVES

Properly configured objectives of marketing communications will have a positive impact on effectiveness. This presumption is clear from the objectives of the integrated approach, as developed by Fisher, Maltz, Jaworski (1997, 56-57) and is based on the coordination behavior of individuals and groups within an organization with a view toward achieving the identified objectives. The approach is also based on cooperation and interaction between the groups. Effective marketing communications is the result of coordinated operation between the functions of an organization and its chosen strategy of marketing communication resulting from both strategic goals and business strategy organization (Kliatchko, 2009, 177; Reid, 2003, 233). These correlations conclude that the development of

marketing communication objectives and coordination with firm business strategy can lead to a consistent and workable strategy of marketing communication.

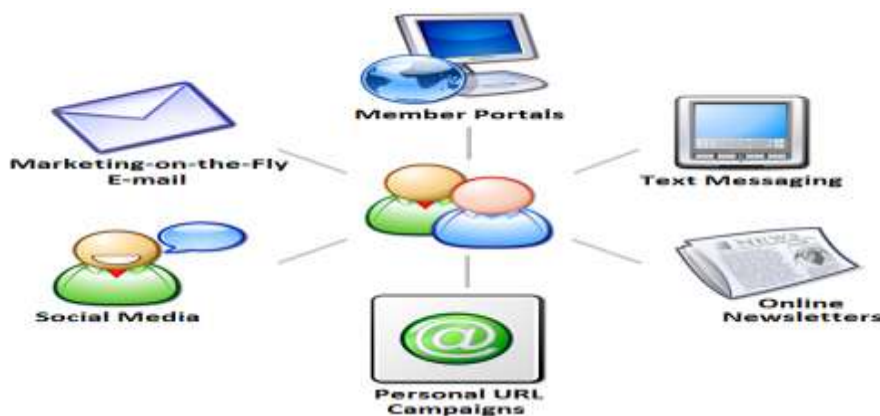
A strategy of marketing communication should be in line with the vision, strategy, and mission of the organization (Fill, 1999, 604) and in line with the chosen market strategy (Duncan, Moriarty, 1998, 2). Results of some studies demonstrate the positive impact of the mission of an organization on its financial performance. For effective marketing communications, it is necessary that there be consistency among all communication messages, so that trust can be built and there can be coherence in target audience perceptions. The key to managing the point of perception is to deliver and receive messages on a platform of strategic consistency (Kitchen, Schultz, 2003, 82). In line with market orientation, the sharing of information across departments, the involvement of all departments in the preparation of business plans and strategies, the interactions of marketing personnel with other departments, are the needed prerequisites for best inter functional coordination. Therefore, we hypothesize that: Marketing communication objectives positively associate with marketing communications effectiveness

BIDIRECTIONAL COMMUNICATION

Numerous studies have emphasized the role of high involvement in the communication message and its impact on changes in customer attitudes toward certain brands. The elaboration likelihood model for processing that information emphasizes the ability of communication to process and the motivation for processing the determined communication message. In order to initiate certain stimuli at the customer, the communication messages may differ both in content, which can be informative or emotional nature, and design and creative communication strategy (Bregman, Geuens, De Pelsmacker, 2001, 231). IMC has traditionally been identified as persuasion, which entails primarily a one-way communication mode (Spotts et al., 1998, 210). In marketing relationships, however, communication serves other roles other than just persuasion, including informing, listening, and answering, which can require interaction and two-way communication forms (Finne, Grnroos, 2009, 180). The increasing importance of communication in today's marketplace is demonstrated by its ability to manage two-way communication. An important part of any communication model is feedback, through which the receiver's response is made known to the sender (Duncan, Moriarty, 1998, 4). Marketing communications also need to provide clarity and fast, pertinent, timely information, so decisions can be made. Effective marketing communication occurs when the consumer can correctly interpret the initial message as it was meant to be sent. This bidirectional communication produces effective marketing communications. Bidirectional communication is thus hypothesized as being positively related to marketing communications effectiveness. Therefore, we hypothesize that: H2: Bidirectional communication positively associates with marketing communication effectiveness

COMMUNICATION CHANNELS

The marketing communication channel, which views human communication as a transmission process during which a message travels across a channel from a sender to a receiver, is represented by the communication dimensions of frequency and mode of communication. Communication frequency refers to the amount of communication that occurs between an organization and its public (Schultz, Patti, 2009, 81-82). Communication mode is defined as the channel, formal or informal, through which such information is transmitted to target groups. Previous research has found that information disseminated in a formal manner is seen as more credible (Mohr, Sohi, 1995, 393). Marketing communication channels are hypothesized to be positively related to marketing communication effectiveness. Therefore, we hypothesize that: H3: Marketing communication channels positively associate with marketing communication effectiveness.



In telecommunications and computer networking, a communication channel or **channel**, refers either to a physical transmission medium such as a wire, or to a logical connection over a multiplexed medium such as a radio channel. A channel is used to convey an information signal, for example a digital bit stream, from one or several *senders* (or transmitters) to one or

several *receivers*. A channel has a certain capacity for transmitting information, often measured by its bandwidth in Hz or its data rate in bits per second.

Communicating data from one location to another requires some form of pathway or medium. These pathways, called communication channels, use two types of media: cable (twisted-pair wire, cable, and fiber-optic cable) and broadcast (microwave, satellite, radio, and infrared). Cable or wire line media use physical wires of cables to transmit data and information. Twisted-pair wire and coaxial cables are made of copper, and fiber-optic cable is made of glass.

MARKETING COMMUNICATION EFFECTIVENESS

A study conducted by Low (2000, 31) showed that implementing IMC (Integrated Marketing Communication) may be strongly related to better marketing results in terms of sales, market share, and profits for an organization. In seeking to understand the effectiveness of marketing communications, researchers have traditionally relied on measures of awareness, recall, and recognition.

Many researchers, through their theoretical and empirical contributions, describe the impact of marketing communications on organization performance, particularly with a view to improving relations between the organization and its public, for example, its customers (McGoon, 1998, 15; Low, 2000, 36). Explanation of this relation can be found in the degree of marketing communication effectiveness and its impact on overall organizational performance (Kitchen, Schultz, 2009, 201; Young, Aitken, 2007, 53). Reid (2005, 41-47) in a research model displays a potential way of measuring and evaluating the implementation of IMC. The results of his research show a strong and significant positive impact of the performance of IMC on market performance. The relationship between the marketing communication and organizational performance is an important area of research, but only a few empirical studies have supported this link (Cornelissen, Lock, 2000, 7-15, Low, 2000, 27-39).

An organization that possesses marketing communication capabilities can create successful communication programs and ensure long-term market performance. There is a positive impact between possessing strong marketing communication capabilities and organizational performance. The success of an organization can also result from the effectiveness of its marketing communication. In this area, many authors highlight the positive impact of marketing communications on organization performance. So, we hypothesize that Marketing communications effectiveness positively associate with organizational performance.

Marketing communications are messages and related media used to communicate with a market. Marketing communications is the "promotion" part of the "marketing mix" or the "four Ps": price, place, promotion, and product. It can also refer to the strategy used by a company or individual to reach their target market through various types of communication. The communication process is [sender-encoding-transmission device-decoding-receiver], which is part of any advertising or marketing program. Encoding the message is the second step in communication process, which takes a creative idea and transforms it into attention-getting advertisements designed for various media (television, radio, magazines, and others). Messages travel to audiences through various transmissions. The third stage of the marketing communication process occurs when a channel or medium delivers the message. Decoding occurs when the message reaches one or more of the receiver's senses. Consumers both hear and see television ads. Others consumers handle and read a coupon offer.

One obstacle that prevents marketing messages from being efficient and effective is called barrier. Barrier is anything that distorts or disrupts a message. It can occur at any stage in the communication process. The most common form of noise affecting marketing communication is clutter. Another channel for direct digital marketing is in-product communication (*also: in-product marketing*), which delivers marketing content directly to a user's internet-connected device or software.

In-product marketing content is often very similar to that of email marketing campaigns, but the segmentation and delivery is more targeted. Because email has become a standard tool in the digital marketing toolkit, the email channel often is overloaded and overused, leading to much lower open rates, lower engagement rates, lower click-through rates (CTR), and lower conversion rates. The rise of internet-connected devices is enabling a growing number of consumer products manufacturers to take advantage of this channel of marketing communications, to supplement other digital marketing channels.



ORGANIZATIONAL PERFORMANCE

In order to evaluate the organizational performance of the respondents in this study, we employed some of the subjective measures more frequently used in other investigations, such as return on investment, and sales. Respondents were asked to indicate the evolution, in the last period, of the mentioned variables relative to a company's objectives. Organizational performance can be measured by both subjective and objective indicators. Subjective indicators are based on the subjective assessment of a company's performance in comparison with its competitors, with planned results compared to those for the previous period, etc. Objective performance indicators are based on data from the financial statements of a company.

Dess and Robinson (1984, 265) and Hansen and Wenerfelt (1989, 399) proved there are correlations between subjective and objective indicators of business performance. Market performance is typically related to market communication effectiveness expenditures for such variables as market share and sales. Marketing communication effectiveness can influence a market share and sales, thereby influencing its competitive market position. While achieving improved sales and market share is essential to any marketing communication effort, consider financial impact the most crucial measure of success for any marketing communication activity. Financial benefits from marketing communication effectiveness can be evaluated in several ways. Return on investment (ROI) is a traditional approach to use to evaluate return relative to the expenditure required to obtain that return. Financial performance involves an increase in revenues.

II CONCLUSION AND IMPLICATIONS

The model of marketing communication for business-to-business markets represents a new perspective in marketing research. The central concept of the effectiveness of marketing communication assumes that there are variables that can have a positive influence on the effectiveness of marketing communication. In undertaking this study, we wanted to underline that the central area of this research is still not sufficiently studied, which forms the basis for new empirical research in this field. However, when we talk about marketing communication to business-to-business markets, we concluded that the research area is theoretically, and in particular, also poorly studied in empirical terms (Wickham, Hall, 2006, 100; Garber, Dotson, 2002, 1-17). This is due to a lack of empirical evidence on the effectiveness of marketing communication on these business-to-business markets, which represent a conceptual model which still has not verified the significant contribution to the field that marketing communication on the business-to-business markets can make. Further, another important theoretical contribution will be to study the area of effectiveness of marketing communication. In doing so, we came to the conclusion that marketing communication objectives do have a major impact on marketing communication effectiveness and best explain success. We also found we can explain the positive impact of bidirectional communication on the effectiveness of marketing communication.

The proposed positive relationship between communication channels and marketing communication effectiveness was confirmed. A further contribution would be confirmation of the positive relationship between marketing communication effectiveness and organizational performance. Another important theoretical contribution to the field would be further study of the effectiveness of marketing communication model from a strategic point of view, namely, as a central concept of the antecedents and consequences in a

model for marketing communication effectiveness on business-to-business markets. This paper contributes to the literature by developing a structural equation model framework as a response to the call made by marketing communication researchers. This call suggested the use of more exploratory research to better operationalize both the concepts of marketing communication effectiveness and organizational performance and confirm that relationship.

An important contribution to management not only results in better performance of marketing communication, but the possibility that organizations can actually measure the effectiveness of marketing communication in terms of increased response to increased demand, sales and increased trust of target groups. It is a given that measuring instruments are the basis for achieving the effectiveness of marketing communication, and consequently achieving organizational performance. With the possibility of measuring the effectiveness of marketing communication are also opportunities for greater success of organizations operating in business-to-business markets. This contribution is important because the literature is filled with calls for more empirical research into the field of marketing communication in business-to-business markets. Designing and testing the conceptual model offered here does represent a modest first step in that direction.

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